



CITY OF HAYWARD

AGENDA REPORT

AGENDA DATE 02/24/04

AGENDA ITEM _____

WORK SESSION ITEM WS 2

TO: Mayor and City Council

FROM: Director of Community and Economic Development

SUBJECT: Improvements to the Building Permit Process

RECOMMENDATION:

It is recommended that the City Council review and comment on this report.

DISCUSSION:

Over the past three years, City staff has implemented significant improvements to the building permit issuance process. These changes have improved the quality of submissions, reduced building permit review and processing time, increased certainty of scheduling for applicants, and made information on permits more widely available.

The issuance of building permits is a ministerial function that generally follows and is separate from the issuance of any discretionary land use permits. Once the policy bodies have determined that development should occur, it is the job of the Building Division to see that the development complies with various state and local code requirements. The number and type of permit applications received by the City in any given year can vary greatly, depending upon the availability of financing and interest rate levels, the growth and decline of specific economic sectors, the availability of land, and the cost of materials.

All of these factors are subject to variation over time as national, state and local economic conditions change. As a result of the downturn in the economy over the past few years, the types of development applications being received has changed. During the boom in the high tech and biotech industry, a larger number of applications were submitted for more complex projects with multi-million dollar valuations in the Industrial zone. These included major high-and bio-tech research and development and manufacturing facilities. The reduction of availability of venture capital for these firms, has caused them to cease expanding and, in some cases, to contract employment and facilities. At the same time, the historically low interest rates have fueled an exceptional boom in housing production. Consequently, the City finds itself in the position of having to respond to levels and type of demand for its permit and inspection services over which it has little control. However, there remain system improvements that the City can and has made to manage the ebb and flow of that demand. The purpose of this report is to update the City Council on these improvements and the benefits that have resulted from them.

Major Changes

The changes implemented over the past few years have affected how both the applicant and the City staff approach the development and review of an application for a building permit. In the past, the City allowed the submission of complex development applications in stages in an effort to initiate the review process as early as possible. However, in analyzing the reasons why development applications took so long before the first plan check was completed, it was found that the applications that were incomplete took the longest to review. In order for the City staff to efficiently evaluate plans for compliance with the legal requirements of the codes, all the required information had to be at hand for review.

Consequently, the City instituted a requirement that all applications for building permits be complete when accepted for processing. That is, they must include all relevant information such as structural calculations, including roof trusses, Title 24 energy reports, accessibility documentation and complete site plans. This has reduced processing time so that even complex development applications now generally take 25 working days or less to approval or the first punchlist, detailing the changes or clarifying information required.

Another benefit of accepting complete development applications is that staff from various divisions can provide feedback at the same point in time, allowing the creation of a single "punchlist" for the applicant. For example, an application for permits for a new commercial building must be routed to between eight and ten staff members from four to six departments. Combining their review comments and requests into a single, comprehensive punchlist provides clear direction to the applicant about requirements. Once the punchlist is completed, responsibility for further work shifts to the applicant. Complete applications also allow the plan check staff to consider all relevant issues in their comments, and in most cases, a single plan checker can now review the majority of issues for any given permit.

To ensure that all potential applicants know what information is required in a complete application, the handouts describing how to apply for various types of building permits and planning approvals were revised to include an up-to-date checklist of items to be included in a complete application.

Staff also developed a form, similar to a receipt, that gives each applicant the date on which the application was accepted and the target date by which they will receive either an approval or a punchlist. This has helped reduce the number of telephone calls from applicants wanting to know when the review of their applications would be completed.

Since the Eden Systems permit tracking software became fully operational and all Permit Center staff trained in its use, the issuance of permits, calculation of fees, and tracking of permits and inspections has been available to more than 50 concurrent staff users. The availability of information to a broad spectrum of City staff has facilitated communication about applications and improved the consistency and timeliness of approvals and punchlists. It

has also allowed immediate response to telephone and counter inquiries about the status of permit applications, regardless of who is staffing the Permit Center. Additionally, every division reviewing the permit application is notified of the due date and the software tracks the number of days required for each reviewer. This allows the Building Official and Division Managers to monitor the timeliness of permit reviews, identify problems as they arise and resolve them quickly.

The permit tracking software has also facilitated the generation of management reports that provide senior management, including the City Manager, with information on how well the building permit review and issuance process is working. Management reports are reviewed at quarterly meetings of an internal Development Policy Committee. In addition, the Building Official prints daily reports that indicate which permits are ready for issuance, which punchlists are late or about to be late for their target date, and which applications have received more than two punchlists, indicating that there may be unusual factors associated with the design or issues that need closer scrutiny. These reports ensure that the Building Official is aware of the status of all permits and that "nothing falls through the cracks." As a result, the Building Official is able to continuously review and balance staff workloads; identify problems causing punchlists to be late and make the necessary changes. In the case of applications that have received more than two punchlists, the Building Official personally assesses the situation and frequently meets with the applicant to resolve outstanding issues and to reduce the number of re-submittals.

Information in the permit processing system also has the capability of being accessed via the internet. Currently, the Building Division can accept FAX applications for a wide variety of simple permits, such as permits for re-roofing or hot water heaters. By May 1, 2004, customers will be able to obtain these permits over the internet. Similarly, information on permit status that is currently available by telephone from the Permit Center will be available over the internet by May 1, 2004. Both of these changes are designed to make applying for and monitoring the status of a permit less time consuming for the applicant and available on a 24 hour per day basis to the public. This should further reduce the volume of phone calls and visits to the Permit Center, releasing staff time from counter and telephone work to focus on speeding the voluminous paperwork required for each permit.

Results

The true test of these process improvements can be seen in the actual time it takes to get a building permit. Available data comparing the time it took from application to permit approval or first punchlist in 2000 and in 2003 indicates that there has been both a reduction in the number of working days and a decrease in the variability of the number of days within permit types.

Despite the requirement that all applications be complete, a few that appear complete upon submission at the Counter, are later found to be lacking some piece of essential information. We also continue to find plans that include all the required information, but that are incorrectly calculated or designed. There are also a large number of single family residence additions and

remodels without professionally drawn plans. In these cases, staff makes an effort to work with the applicant to achieve a workable set of drawings so the project can be realistically bid, built with an assurance of safety, and can proceed without the need for revisions once construction has begun.

Despite these unusual cases, the data indicates that the average number of days has dropped for almost all application types between 2000 and 2003. This is all the more remarkable given the twenty-six percent (26%) increase in the total number of permits issued by the Division between 2000 and 2003; 6,428 permits in 2000 and 8096 permits in 2003. Of the number issued in 2003, more than eighty-five percent (85%) were issued over the counter or within one day of submittal of application.

Continued growth in new commercial construction and has resulted in issuance of twice as many permits for newly constructed commercial buildings in 2003 as were issued in 2000, with only a slightly higher average number of days. At the same time, commercial tenant improvement projects have decreased significantly, but have been issued, on average, within fifteen rather than twenty-five days unless they involve complex structural review. Permits for new industrial structures have decreased during this period, and in most cases turnaround time on these has also been reduced. Industrial tenant improvements require fewer divisions to review the plans and, therefore, can be handled more expeditiously. In such cases turnaround time to approval or punchlist rarely exceeds fifteen working days.

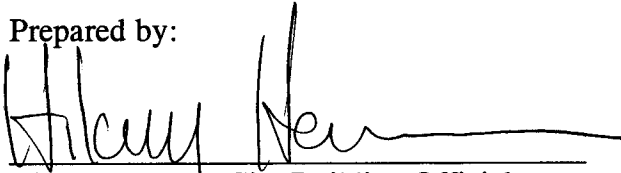
Recently, the most remarkable changes have taken place in the residential new construction permits. Because of the historically low interest rates, we have experienced unprecedented demand for new housing starts, issuing over 500 residential new construction permits in 2003, or more than twice the number issued in 2000. In order to reduce the processing time for new housing tracts, we simplified the permitting process by issuing a single permit for each house or "plot" in a tract that includes the various plumbing, mechanical and electrical sub-permits. This significantly reduces the paperwork for both the contractors and the City staff. Consequently, permits for individual houses in tracts are issued within 10 days. Permits for model homes are more complex, usually including between four and eight variations on design for each, but have generally met or beat the twenty-five day turnaround goal.

The City is also experiencing and unprecedented increase in residential remodeling projects. The volume of permits for these has tripled between 2000 and 2003. Nevertheless, these permits continue to average fewer than fifteen days to approval or first punchlist.

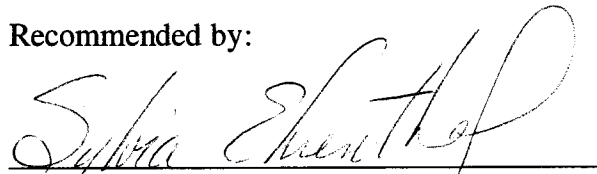
Summary

Because time impacts the cost of development, the building permit review process has an impact on development cost. The innovations and system improvements discussed in this report attest to the City of Hayward's commitment to making that review process more reliable and time sensitive in order to meet the needs of the average homeowner, the small local developer and the larger development companies that seek to assist the City in reaching its development goals.

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Exhibits: A-1: Industrial Projects - New Construction
 A-2: Industrial Projects - Tenant Improvements
 A-3: Commercial Projects - New Construction
 A-4: Commercial Projects - Tenant Improvements
 A-5: Residential Projects - New Construction
 A-6: Residential Projects - Additions/Remodels